

March 4, 1998

Clinton's Freudian Slip is Showing Again

Why is This President Attacking Tax Reform?

"No one concerned about fighting crime would even think about saying, 'Well, three years from now we're going to throw out the criminal code and we'll figure out what to put in its place.' That is exactly what some people in Congress are proposing."

President Clinton, March 2, 1998, quoted in *Congress Daily* on abolishing the tax code.

President Clinton's remarks opposing the proposal to sunset and replace the current tax code is perhaps more illuminating than he meant it to be. It harkens back to President Clinton's November 3, 1997, description of Republican gubernatorial candidate James Gilmore's plan to cut the car tax in Virginia as "selfishly gratifying," and his Deputy Treasury Secretary's labeling as "*selfishness*" attempts to lower the confiscatory estate tax. Call it another Freudian slip.

Republicans would not equate taxpayers with criminals; rather, it is the tax code itself that has become criminal. But, an interesting comparison can be made between the tax code and the penal code: they both penalize. Obviously there are crucial distinctions between whom is penalized and why. The criminal code applies to those who break the law. The tax code applies to those who obey it. The criminal code is intended to discourage behavior that is harmful to society. The current tax code is working to discourage behavior that is beneficial to society — that is working, earning, and saving. That is not what was intended. This is why Senator Tim Hutchinson and several other senators will soon introduce legislation to sunset the current tax code on December 31, 2001 (while leaving in place the funding mechanisms for Social Security and Medicare) and allow a new, more rational code to replace it on January 1, 2002.

While everyone may not agree on exactly what would be the best and fairest means of taxation — a flat tax, a national sales tax, a Value Added Tax, are some systems talked about — everyone, with the apparent exception of the President, can agree that virtually any version of reform would be superior to the current code. The goal of the sunset legislation is to give the incentive to move forward, and over three years to debate and determine the best approach to make taxes fairer, flatter, lower and less confusing.

On first glance, it is disconcerting that President Clinton would make such an attack on tax reform. But, then we recall:

- Clinton's record-breaking \$240 billion tax hike in 1993;
- Clinton's attempt to raise taxes \$289 billion with his nationalized health system in 1994;
- Clinton's veto of a \$229 billion tax cut in Congress' balanced budget in 1995;
- Clinton's opposition to IRS reform, which he changed only in the face of vociferous public opinion, in 1997; and
- Clinton's \$100 billion tax and user fee increase in this year's budget — an amount that would cancel out the tax cut in last year's budget agreement.

President Clinton innately misunderstands just exactly whose money is at issue here. Wanting working families to keep more of what they earn, and making the tax system simpler and fairer is not immoral — and certainly not criminal. Mr. President, we need a tax code that departs from this status quo. Do you disagree?

Staff Contact: Dr. J.T. Young, 224-2946